



Report to Policy Committee

Author/Lead Officer of Report: Matt Hayman,
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Report of: Kate Martin, Executive Director City Futures

Report to: Finance Sub Committee

Date of Decision: 7th November 2022

Subject: Fargate and High Street, Future High Streets Fund
– Front Door Scheme Update

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 918				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>				

Purpose of Report:

To update on delivery of the Future High Streets Fund ‘Front Door Scheme’ and seek approval to award capital grants to:

- (1) The Montgomery Theatre towards the costs of disabled lift access work and reconfiguration of vacant upper floors for new workspace; and
- (2) Orchard Square Limited towards the costs of open space improvements and conversion of vacant upper floors for housing.

These grants will result in job creation, new homes and increased opportunities for outdoor events and visitors to the City Centre. Outcomes will contribute to delivering the objectives of the Future High Streets Fund vision for Fargate and High Street.

Recommendations:

It is recommended that Finance Sub Committee:

Approves the proposed grant funding to Orchard Square Limited and to The Montgomery theatre through an agreement that includes key terms set out in this report.

Background Papers:

Future High Streets Fund – Fargate and High Street, Cabinet Report, 17th March 2021

Form 2a – Funding Future High Streets Fund – Acceptance of MHCLG Grant, 28th April 2021

Leader’s Decision – Month 3 Capital Approvals 2021/22 (Appendix 1)

Form 2a – Future High Streets Fund – ‘Front Door Scheme’ Grant Funding to M.R.C Pension Trust Limited, 28th October 2021

Officer Decision Report – ReNew Project Grant Funding Allocation, 29th September 2022

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Phil Moorcroft
		Legal: Marcia McFarlane
		Equalities & Consultation: Ed Sexton
		Climate: Jessica Rick
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	SLB member who approved submission:	Kate Martin, Executive Director City Futures
3	Committee Chair consulted:	Cllr Bryan Lodge
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	

Lead Officer Name: Matt Hayman	Job Title: Principal Development Officer
Date: 26 th October 2022	

1. PROPOSAL

- 1.1 On the 26th December 2020 the Government announced that Sheffield Fargate and High Street was successful in securing £15.8m from the Future High Streets Fund (FHSF). On the 17th of March 2021, Cabinet delegated authority to Officers to accept the Ministry of Housing, Communities and Local Government (now the Department of Levelling Up, Homes and Communities) funding and enter into a grant agreement subject to the grant terms being received and agreed. The grant terms and conditions in the form of a Memorandum of Understanding were reviewed by delegated Officers and accepted through an Executive Director Non-Key Decision Report on the 28th April 2021. The decision was published on the 4th May 2021.
- 1.2 In summary the FHSF funding is being used to deliver 3 interventions:
- The acquisition, redesign and refurbishment of 20-26 Fargate as an 'Events Hub'
 - Enhance the public realm and infrastructure on Fargate and High Street to facilitate outdoor events, reduce crime, improve green transport connectivity, and support a resident community with improved services and waste management facilities.
 - Support landowners through the 'Front Door Scheme' to open upper floor access and improve active frontage to Fargate and High Street and connecting pedestrian routes by providing grant funding for appropriate projects.
- 1.3 On the 25th August 2021 the Leader of The Council approved the inclusion of the £5.1m 'Front Door Scheme' FHSF intervention to the capital programme as part of the Month 3 Capital Approvals. The template grant agreement had been drafted and was summarised within the Month 3 Capital papers. The papers included a list of buildings and estimated funding allocations based on the approved Government business case. The intention was and still is that each organisation will be issued with the same grant agreement, and it was not envisaged that these would be amended materially. However, for any amendments that are needed to the grant agreement prior to each grant agreement being entered into, a delegation was approved to the Executive Director of Place (now City Futures), in consultation with the Director of Finance and Commercial Services and the Director of Legal and Governance to agree the final grant agreement terms. This delegation was used to approve grants awards to the Medical Research Council for the refurbishment of 33-35 Fargate, and the allocation of FHSF funds to ReNew Sheffield for a round of funding targeted at filling vacant property on and adjacent to Fargate and High Street.
- 1.4 Given the changes to the initial buildings identified for grant assistance and funding allocations this report seeks to update Finance Sub

Committee on the Front Door Scheme and seek approval for three grant awards. Two to Orchard Square Limited and one to The Montgomery.

- 1.5 It is proposed to grant £650,000 to **Orchard Square Limited** towards the costs of enhancing the Orchard Square open space. The grant along with investment from the owners will facilitate use of high-quality materials and the building of quality events infrastructure to compliment the proposed FHSF public realm works on Fargate. The works will include the installation of canopies to support a year-round programme of outdoor events, attracting additional visitors to the City Centre and supporting existing and new businesses and retailers.

A further grant award of £340,000 to Orchard Square Limited is proposed in order to fill an identified viability gap on the cost of works to deliver an upper floor residential conversion. The Council has confirmed the owners would not have undertaken this proposed work without grant funding. The grant will secure private sector investment and deliver 8 new apartments. Both interventions were included in the business case approved by the DLUHC and contribute to achieving the aims and objectives of FHSF.

- 1.6 It is proposed to grant £495,000 to **The Montgomery** theatre to support the delivery of their growth plan. This capital project seeks to redevelop the 136-year-old building to make all public areas accessible for the first time, and to alter the interior design and layout of the building to improve customer experience and open up currently unused top floor spaces, improve functionality and productivity, and street presence on Surrey Street, at the top of Fargate. This work supports big ambitions for The Montgomery to become Yorkshire's leading arts centre for children and young people and supports an organisational shift from a receiving house model to a hybrid one, part of a new ambitious business plan to upscale The Montgomery's capacity and the quality and scale of their work. This should lead to significantly more people using the building: diversifying audiences, participants, projects & shows. As this is a new project Officers have sought approval for including in the Front Door Scheme from the DLUHC via a change request.

- 1.7 The grants will be awarded via funding agreements with the building owners with the terms drafted to ensure the funds are used in accordance with the objectives of FHSF and the Memorandum of Understanding with Government. These projects are programmed for completion prior to the FHSF funding expenditure deadline of 31st March 2024 and will contribute to delivering the economic, social and environmental outputs and outcomes agreed with the Department of Levelling Up, Homes and Communities. Key funding agreement terms are summarised at section 4.3 below.

- 1.8 There are ongoing discussions with other landowners to bring forward new uses with grant assistance for prominent vacant or underused buildings on Fargate, High Street and Chapel Walk.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 Grant funding will secure private investment at Orchard Square and public sector match funding at The Montgomery. The investments will contribute to delivering economic growth, jobs and housing by accessing, repurposing and retrofitting of vacant buildings for new residential, leisure, workspace and community uses alongside existing retail. The investment alongside the wider programme of FHSF interventions will contribute to attracting an additional 110,000 visitors to the City Centre, creating up to 505 jobs and 70 new homes.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Extensive consultation was undertaken throughout 2019 and 2020 to inform the strategic case and final business case approved by Government. Officers have and will continue to meet with retailers, businesses, landowners and wider stakeholders to keep them updated and use feedback to inform any review of the interventions.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no significant differential, positive or negative, equality implications arising from the recommendations in this report. The Equality Impact Assessment for the 'Future High Streets Fund – Fargate and High Street', which includes the Front Door Scheme interventions, anticipates that these should be of universal positive benefit for all local people, with added benefit from the creation of a significant number of new full and part time jobs. The local socio economic and community cohesion impacts are anticipated to be particularly positive. The Front Door schemes in this report will require planning permission, which will ensure compliance with the Equality Act 2010. The improvements include a new lift installed with access from a new ground floor lobby on Surrey Street to each floor. The enhanced open space at Orchard Square will retain level access from both Fargate and Leopald Street.

4.2 Financial and Commercial Implications

- 4.2.1 On 28th April 2021 SCC accepted a grant of £15.8m in respect of the Future High Streets Fund of which £2.7m is allocated to the overall Front Door Scheme Programme. £0.3m if this figure is already allocated to the ReNew Sheffield project.
- 4.2.2 The total budget approved for the overall Front Door Scheme is £5.1m (approved as part of the Capital Approvals Month 3 2021/22). This is made up of the £2.7m from FHSF and £2.4m from the council's own resources as match funding. Payments under these agreements will be

funded from this approved budget.

4.3 Legal Implications

4.3.1 The Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act. This enables the Council to pass the funding on to Orchard Square Limited and The Montgomery via a grant agreement.

4.3.2 The grant agreements have had a few changes agreed with the grant recipients since the template grant agreement was outlined in the Month 3 Capital Approval papers. Changes were either agreed with DLUHC or permitted under the agreement between DLUHC and the council.

Key terms of the grant agreement with grant recipients are:

- Any significant change to the project must be agreed with the Council.
- The grant must be claimed by 31st March 2024.
- There are specific conditions that must be complied with prior to a grant claim being made, these include but are not limited to the works specification, project delivery programme and appraisal being produced, confirmation being received that the grant recipient has the funding available to pay for non-eligible expenditure, the grant recipient inputting their agreed investment and the project being completed and signed off.
- Grant claims must be submitted to the Council and provided with evidence. This evidence must include but is not limited to evidence that the amount of the claim has been defrayed, evidence it meets statutory requirements and evidence of sign off.
- Quarterly reporting will be requested to monitor the progress of the project.
- The Council will have the ability to withhold, suspend or require repayment of the grant in specific circumstances including if the Council is required to repay the grant to MHCLG.
- Please note, there is no break clause within the grant agreement.
- The grant can only be used for capital expenditure.

4.3.3 Subsidy control assessments have been carried out and the grants to both Orchard Square Ltd and The Montgomery will be made in accordance with Subsidy Control law so as to not be an unlawful subsidy.

4.3.4 The Council must comply with all applicable legislation and regulations including but not limited to UK GDPR, the Data Protection Act 2018 and Subsidy Control.

4.4 Climate Implications

- 4.4.1 The Front Door Scheme seeks to bring back into use vacant or underused floorspace through repurposing of existing buildings, preventing demolition or need for new build. To support these conversions, a new underground recycling waste management system will be installed to prevent waste being stored on the highway. The investment seeks to attract new residents and businesses to the City Centre taking advantage of existing and proposed sustainable transport connections and the proximity of services and amenities. For these reasons the scheme is expected to make a positive contribution to reducing carbon emissions.
- 4.4.1 Negotiations with landowners on these grant awards were at an advanced stage prior to Council adopting the Climate Impact Assessment (CIA) process. For this reason the grant terms do not require the landowner to undertake an assessment of the climate impacts of the proposed works, for example in terms of design, materials used, energy performance, waste or resources use etc. However, projects will need planning permission and the applicants will be required to address the climate impact in a Environmental Impact Assessment. Moving forward, the CIA tool will be utilised to better understand how climate impacts can be more fully considered in future projects which are part of the 'Front Door Scheme' and wider Future High Streets Fund programme.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Do Nothing - Without grant assistance the buildings are likely to remain vacant and/or underused and the open space underutilised. The refurbishment of the open space at Orchard Square was an integral element of the vision for Fargate and High Street approved by Government. The vision highlights the importance of this pedestrian route but also the opportunities to run complimentary outdoor events in the space. Originally the works were intended to be funded from the FHSF public realm budget and included in the wider civils contract with SISK. However, given the land is not in public ownership and the owners wish to lead on delivery of the works a funding agreement is required.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Approval of the grant funding to the landowners will secure additional private and public sector investment in the buildings and open space. It will deliver a fully accessible Theatre, new homes and enhanced open space to deliver a year-round programme of outdoor events.

Appendix A Photograph of the Montgomery Theatre
Appendix B Photographs of Orchard Square

Appendix A – The Montgomery



Appendix B – Orchard Square

